Approved For Release 2005/05/12 : CIA-RDP79T00975A	014000080002-6



DIRECTORATE OF INTELLIGENCE

## Central Intelligence Bulletin

Top Secret

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27 June 1969

Approved For Release 2005/05/12 : CIA-RDP79T00975A014000080002-6 27 June 1969

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Laos: Government forces are still holding on at Muong Soui, but the end appears near.

A fresh Communist ground attack--once again with the support of tanks--in the early hours of 27 June further reduced the base's defensive perimeter and resulted in the desertion of large num-

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fibe government's neutralist troops.

Lao military leaders must choose soon whether to give up Muong Soui or bring in new reinforcements. The inability of government troops to re-establish a viable defensive perimeter and the doubtful morale of the remaining defenders suggests that the situation will be difficult to salvage if the Communists continue to press their attack.

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The loss of Muong Soui would have little immediate effect on the military situation in Xieng Khouang Province. Although some Lao aircraft have staged from the Muong Soui airstrip, the base itself and the large neutralist garrison there have contributed relatively little to either the defense of the Plaine des Jarres or to the government's guerrilla bases farther north. If the Communists hold Muong Soui, however, they will be in a better position to move westward and re-establish their presence in northern Vientiane Province, from which they were driven several years ago.

The psychological impact of the fall of Muong Soui would be more severe. In addition to raising new alarms about Communist military intentions, the attack will deflate the recently raised hopes of Lao leaders that Hanoi might be more willing to reach

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25X1 Approved For Release 2005/05/12: CIA-RDP79T00975A014000080002-6 25X1 The two countries have re-Pakistan-Belgium: newed their agreement in principle for the sale of US-manufactured M-47 medium tanks to Pakistan, 25X1 Agreement had been reached in July 1968 but a parliamentary uproar over Belgian shipment of arms to Biafra forced postponement of the deal. Pakistan recently concluded an agreement for the M-47s from Turkey but none purchase of have yet been shipped. Both agreements, however, are subject to final US approval. Pakistan wants these tanks to replace worn out M-47s already 25X1 in its inventory. Peru: The Velasco government began the implementation of its agrarian reform program yesterday by taking over the eight largest sugar plantations in the country, including those of the US-owned W. R. Grace & Co. Government administrators were sent to the plantations and the Lima business offices, and considerable sums were frozen in the companies' bank accounts. Moving against foreign-owned lands first was probably calculated to generate nationalistic support for Velasco and the land reforms in an effort to counter the expected opposition from wealthy Peruvian land owners. 25X1 8 Central Intelligence Bulletin 27 Jun 69

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